

Commissioner's Annual Report FY 2009



Norfolk, VA
Commissioner of the Revenue
June 30, 2009

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Commissioner of Revenue

"Providing Superior Service and Quality to the Citizens of Norfolk"

Mission Statement

We are the chief tax assessor for the City of Norfolk.

We provide superior service and quality in the:

- ◆ Assessment of individual and business personal property;
- ◆ Issuance and renewal of business licenses;
- ◆ Administration of all fiduciary taxes;
- ◆ Provider of DMV Select Services;
- ◆ Evaluation of customer compliance;
- ◆ Assistance and processing of Virginia State Income Taxes;
- ◆ Investigation of inquiries and delinquent accounts;
- ◆ Assistance with Real Estate Tax Relief, Yard Sales and Residential Parking Permits:

We provide these services for the Citizens of Norfolk and to aid in the continued growth of our community.

Commissioner of Revenue

"Providing Superior Service and Quality to the Citizens of Norfolk"

History of the Office

The primary responsibility of this office is the assessment of City and State taxes. The Commissioner of Revenue holds office as an agent for the state, as well as the local government, and is the assessing officer on the local level for those taxes as prescribed by State law and City Ordinance.

The office of the Commissioner of Revenue was provided for in Virginia's Constitution in 1869. By 1906, the Virginia General Assembly had made it an appointive office, to be appointed by the local court. A Constitutional Amendment in 1910, changed the appointive method to elective for a four year term. In 1926, the General Assembly reduced the number of county Commissioners to one per county, conforming to the cities, making a total of one hundred and thirty four. In 1932, the General Assembly set up the basis of compensation for Commissioners, with both the State and City participating.

Your Commissioner of Revenue Office provides service and assistance to citizens and businesses on tax-related issues. Norfolk citizens use this office and depend on it to assist them with both State and City tax-related concerns. As a bridge between our City Council members and our State Legislators, this office serves to protect the City and the taxpayers. A key responsibility of your Commissioner of Revenue is to keep abreast of, and to lobby for, or against, legislative issues as they impact our city's revenues and funding of the Commissioner's office.

Duties of the Office

The Commissioner of Revenue is the Assessor of all City taxes, except Real Estate, and of certain State Taxes as outlined in Sections 58.1-3100 through 58.1-3122 of the Virginia Code.

Commissioner's duties as specified by Virginia State and Norfolk City Code:

- Assess all Business and Personal Property
- Classify and issue Business Licenses
- Process State Income Tax Returns
- Assess all Local Fiduciary Taxes

Commissioner's additional duties:

- 1) Administrator of Food and Beverage, Lodging, Room Tax, Admission, Short-Term Rental and Cigarette taxes
- 2) Administrator of Personal Property Tax Relief Compliance Program
- 3) Administrator of Senior Citizens Real Estate Tax Relief Program (and General Real Estate Tax Deferral Programs as may be offered by City Council from time to time.)
- 4) Provider of DMV Select Services
- 5) Administrator of Residential Parking and Yard Sale Permits
- 6) Provider of State Income Tax Assistance
- 7) Administrator of an audit program which, on a regular basis, evaluates, appraises, and compares all Business Licenses, ad valorem and excise taxes, and their level of compliance to State and City code
- 8) Administrator of Utility, Franchise (Bank and Telephone) and Public Service Corporation taxes
- 9) Collector of Contractor Workers Compensation certifications with responsibility to forward them to the State Workers Compensation Board
- 10) Provider of tax-related statistical data to the City Council, the City Manager, and other City Offices and Departments
- 11) Provider of revenue forecasts to the City Manager and City Budget office in conjunction with the development of the City's annual budget
- 12) Watchdog of all tax-related legislation introduced into the General Assembly in order to ascertain potential impact on local tax revenues
- 13) Advisor to Norfolk legislators to the General Assembly and Norfolk City Council concerning revenue issues
- 14) Administrator of a program to conduct Manufacturer determination visits
- 15) Participant in State Sales Tax Partnership Program - Assist the Virginia Department of Taxation in identifying unreported revenues
- 16) Verify and Issue Enterprise Zone Tax refunds
- 17) Administrator of Charitable Solicitation Permits

Personal Property Revenue Team

Rick M. Wilkins, Team Leader

Phone: 664-7858 email: rick.wilkins@norfolk.gov

Personal Property Revenue Team Duties

- ◆ **Individual/Business Vehicles Personal Property** - Autos, trucks, motorcycles and utility trailers are assessed on a *prorated* basis. Proration is calculated on the actual number of months the vehicle is present in the City of Norfolk. Assessment is calculated using the National Automobile Dealers Association (NADA) "Loan" Value and taxed at the rate of \$4.25 per hundred. Personal Property Tax is payable annually on, or before, June 5th.
- ◆ **PPTRA Personal Property Tax Relief** - provides tax relief for passenger cars, motorcycles, and pickup or panel trucks having a registered gross weight of less than 7,501 pounds. In 2009 the relief percentage, paid by the State, was 56% the taxpayer pays 44%.
- ◆ **Recreational Vehicles** - Recreational Vehicles are assessed on a *prorated* basis using the NADA Recreational Vehicle Guide "Used" Value and taxed at the rate of \$1.50 per hundred. Recreational Vehicle property tax is payable annually on, or before, June 5th.
- ◆ **Boats*** - *Personal Watercraft* are assessed annually using the Anderson and Bugg Outboard Service (ABOS) Marine Blue Book "Low Estimated Trade-In" Value and taxed at the rate of \$.50 per hundred. *Commercial Vessels* weighing less than 5 tons are assessed using the ABOS Marine Blue Book "Low Estimated Trade-In" Value and taxed at the rate of \$1.50 per hundred. Commercial vessels weighing 5 tons or more are assessed at 60% of original cost, with a depreciation of 5% each year until reaching a minimum depreciated value of 20% of original cost. They are taxed at the rate of \$1.50 per \$100. In accordance with State & City Code, owners of commercial boats must file a listing of all vessels with this office on, or before, February 1. All boat property tax is due on, or before, June 5th.
- ◆ **Boat Decals** - Boat decals are required for all *Pleasure Craft* that operate, dock, or are stored within the City of Norfolk, or on city waters. The decal cost is based on the length of the boat as follows: decals for boats under 16' are \$10, decals for boats 16' and over are \$25. The decals go on sale January 1st and must be displayed by May 15th of each year.
- ◆ **Mobile Homes*** - Mobile Homes are assessed using the Virginia Mobile Home Appraisal Guide and taxed at the rate of \$1.11 per \$100. All Mobile Home taxes are due on, or before, June 5th.

*Personal Property Taxes in this classification are NOT prorated.

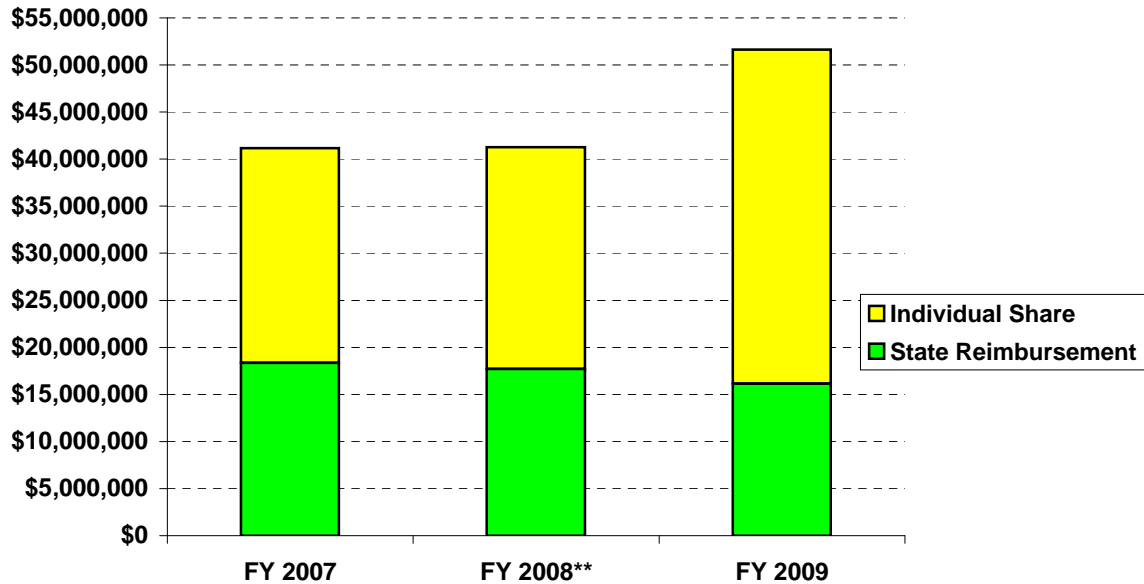
Personal Property Revenue Team Duties - Continued

- ◆ **Aircraft*** - Aircraft are assessed at 20% of the Aircraft Blue Book "Equipped per Base Change/Inventory" Value and taxed at the rate of \$2.40 per \$100. Aircraft taxes are due on, or before, June 5th.
- ◆ **Rental Tax on Daily Rental Passenger Cars** - These taxes are remitted by the business to the Department of Motor Vehicles on a monthly basis. Taxes are assessed at 8% of the Gross Rental Proceeds for vehicles with a *gross vehicle weight of 26,000 pounds or less*. The DMV then forwards half of that amount to the City of Norfolk. Taxes are assessed at 4% of the Gross Rental Proceeds for vehicles with a *gross vehicle weight of 26,001 pounds or more*. The entire 4% forwarded to the City of Norfolk. The Commissioner's Office has the responsibility of verifying receipt and accuracy of all remittances.
- ◆ **Residential Parking Permits** - \$10.00 per vehicle, per year; for vehicles in certain areas of the city, prorated semi-annually. One free visitor pass per address is issued annually. In addition, 30-day visitor passes are available for \$2.00 with a maximum of 2 being issued simultaneously. As of June 30 2009, there were 16 Residential Parking Permit Zones in the city.
- ◆ **Yard/Garage Sale Permits** - \$5.00 Yard Sale permit fee and limited to two permits per calendar year.
- ◆ **DMV Select** - services include Vehicle Titling, Vehicle Registration, Special & Personalized License Plates, Dealer Title & Registration Services & Voter Registration enabling one-stop processing for most DMV transactions. The Commissioner's Office receives compensation from the Department of Motor Vehicles of at least 4.5% of gross receipts of DMV transactions up to \$499,999, and 5% of DMV transactions \$500,000 and up.

*Personal Property Taxes in this classification are NOT prorated.

Tangible Personal Property - Vehicles

Chart 8 - Comparison - Tax Relief to Total Tax Due



Personal Property Tax Relief State Reimbursement:
2007 60% Tax Relief 2008 & 2009 56%

Table 8 - Summary of Tangible Personal Property Tax on vehicles

		Year			Inc/Dec	% Change
		FY 2007	FY 2008**	FY 2009		
All Vehicles	Number Accts	208,994	198,224	264,913	66,689	33.64%
	Assessed	\$1,127,849,895	\$1,108,495,270	\$1,529,374,915	\$420,879,645	37.97%
	Tax Due*	\$41,274,168	\$51,620,952	\$60,397,433	\$8,776,481	17.00%
Average Tax Due per Vehicle		\$197.49	\$260.42	\$227.99		
Vehicles qualifying for Tax Relief	Number Accts	154,455	160,317	240,185	79,868	49.82%
	Assessed	\$830,189,105	\$974,533,618	\$1,372,699,446	\$398,165,828	40.86%
	State Reimbursement	\$17,697,741	\$16,151,657	\$23,273,546	\$7,121,889	44.09%
	State Reimbursement %	60%	56%	56%		

* Annual Tax Due after proration

** In FY 2008 the tax rate changed from \$4 per hundred to \$4.25 per hundred.

Chart 9 - DMV Select Revenue

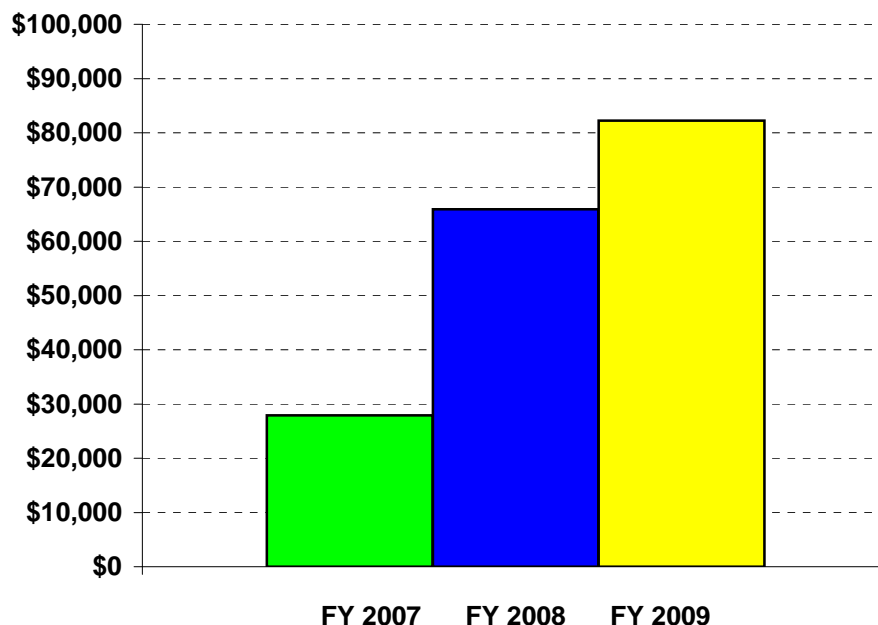


Table 9 - Revenue from DMV Select *

	Year		
	FY 2007	FY 2008	FY 2009
# of Transactions	25,004	43,200	58,264
Revenue*	\$27,914	\$65,891	\$82,228

*The City of Norfolk is compensated by the Commonwealth of Virginia for offering DMV Select Services. The compensation for DMV Select Service is based on a percentage of sales as follows;

\$0 - \$499,999 in sales = 4.5% compensation

\$500,000 & Up = 5% compensation

Boats - Personal WaterCraft & Commercial Vessels

Chart 10a - Annual Tax on Personal WaterCraft

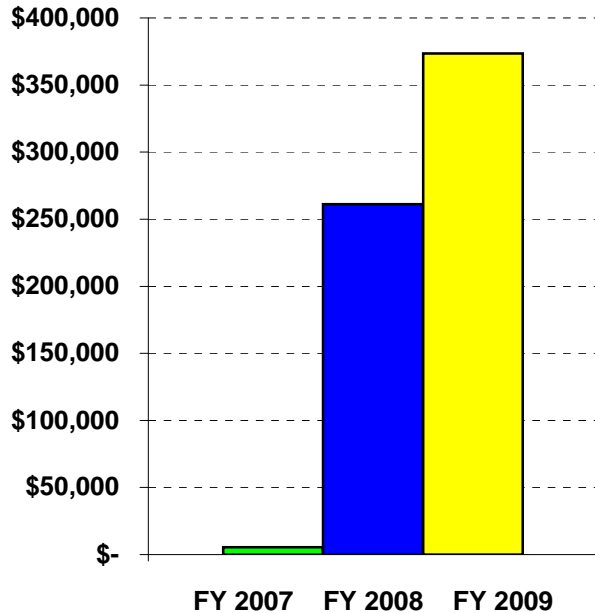


Chart 10b - Annual Tax on Commercial Vessels

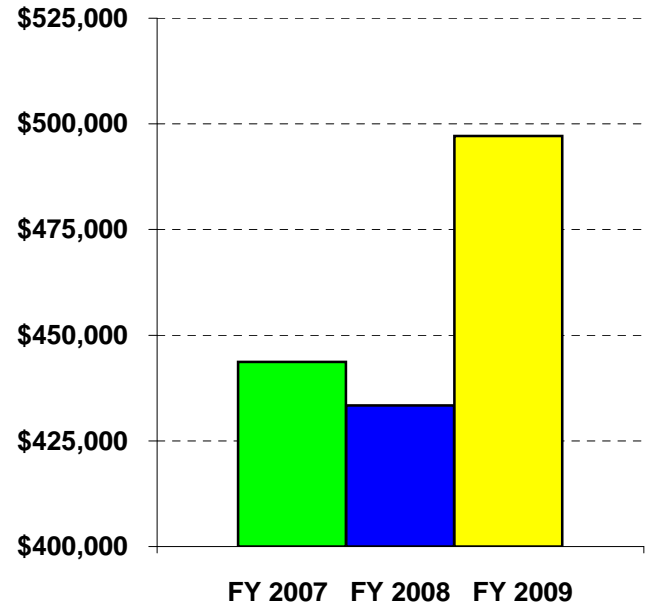


Table 10a - Annual Tax on Personal WaterCraft

Personal WaterCraft					
	FY 2007	FY 2008*	FY 2009	Inc/ Dec	%Change
Units	5,632	5,390	6,145	755	14.0%
Assessed Value	\$55,106,651	\$52,268,262	\$74,698,811	\$22,430,549	43%
Annual Tax	\$5,516	\$261,283	\$373,498	\$112,215	43%
Average Tax Due per Boat	\$ 0.98	\$ 48.48	\$ 60.78		

*In FY '08 the Tax Rate increased for Personal Watercraft from \$.01 per hundred to \$.50 per hundred.

Table 10b - Annual Tax on Commercial Vessels

Commercial Vessels					
	FY 2007	FY 2008	FY 2009	Inc/ Dec	%Change
Units	291	287	290	3	1%
Assessed Value	\$29,573,051	\$28,880,095	\$33,134,771	\$4,254,676	15%
Annual Tax	\$443,721	\$433,359	\$497,125	\$63,766	15%
Average Tax Due per Boat	\$ 1,524.81	\$ 1,509.96	\$ 1,714.22		

Boat Decal Sales

Chart 11 - Boat Decal Sales

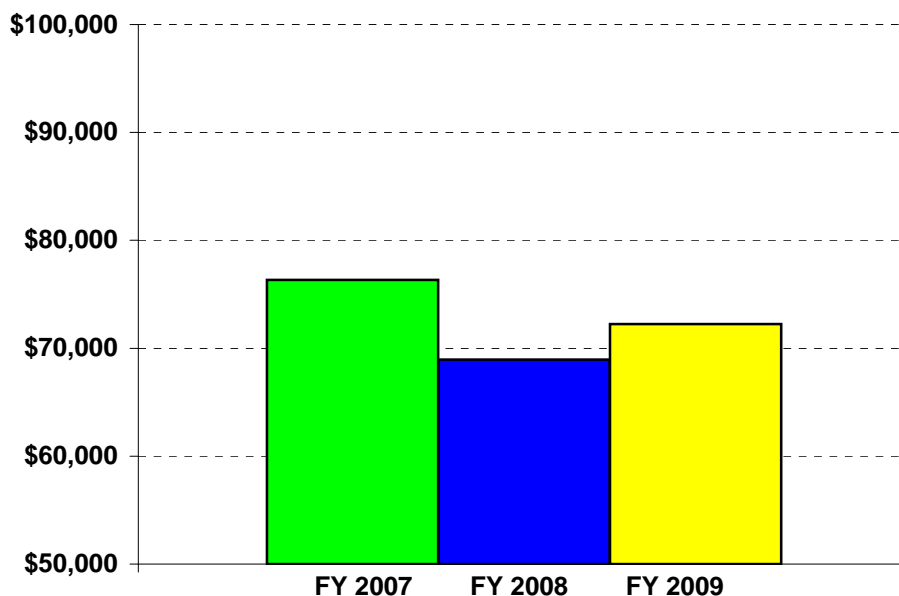


Table 11a - Boat Decal Sales

Category	FY 2007		FY 2008		FY 2009		Number Inc/Dec	Amount Inc/ Dec	Amount %Change
	# Sold	\$Amount	# Sold	\$Amount	# Sold	\$Amount			
Boats Under 16'	1,193	\$11,930	1,099	\$10,990	1,257	\$12,570	158	\$ 1,580	14.4%
Boats 16' to Under 28'	1,993	49,825	1,770	44,200	1,729	43,200	(41)	-1,000	-2%
Boats 28' to Under 40'	472	11,800	473	11,295	536	13,400	63	2,105	19%
Boats 40' and Over	111	2,775	103	2,475	123	3,075	20	600	24%
Military Decals	100	0	73	0	83	0	10	0	0%
Tax Exempt	0	0	0	0	0	0	0	0	0%
Decal Replacement	0	0	0	0	0	0	0	0	0%
Total	3,869	\$76,330	3,518	\$68,960	3,728	\$72,245	210	\$ 3,285	5%

Table 11b - Total Revenue Personal Watercraft

	FY 2005	FY 2006	FY 2007	FY 2008*	FY 2009
Annual Property Tax	\$5,859	\$5,682	\$5,516	\$261,283	\$373,498
Boat Decal Revenue	\$88,107	\$82,030	\$76,330	\$68,960	\$72,245
Total Revenue	\$93,966	\$87,712	\$81,846	\$330,243	\$445,743

*In FY '08 the Tax Rate increased for Personal Watercraft from \$.01 per hundred to \$.50 per hundred.

Tax on Daily Rental Passenger Cars

Chart 12 - Rental Tax on Daily Rental Passenger Cars

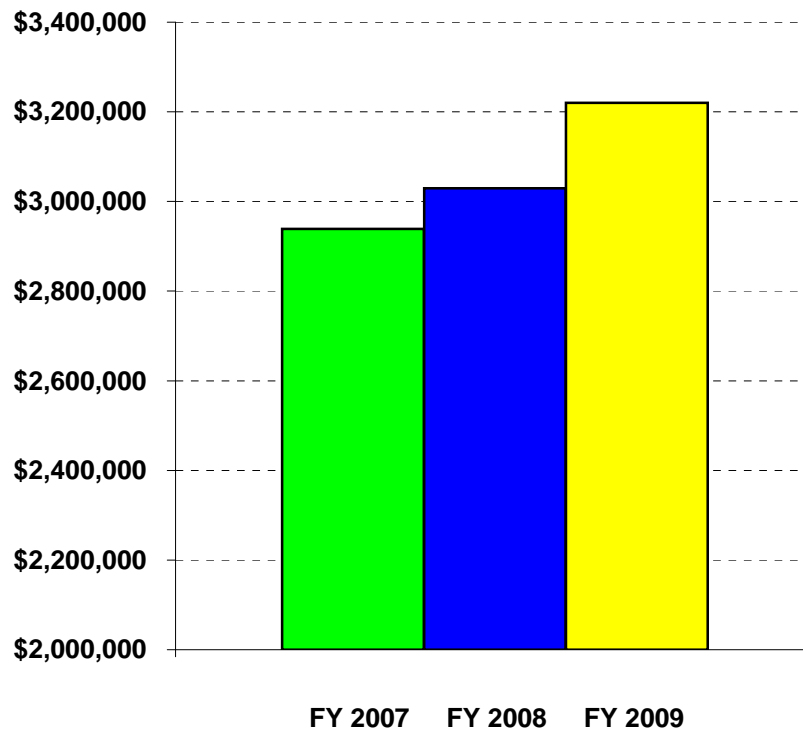


Table 12 - Revenue from tax on daily rental of passenger cars

Period	FY 2007	FY 2008	FY 2009	Inc/ Dec	%Change
Jul - Sep	\$ 709,658	\$ 818,366	\$ 768,745	(\$49,621)	-6%
Oct - Dec	890,286	849,189	904,941	55,752	7%
Jan - Mar	676,675	605,848	1,000,360	394,512	65%
Apr - Jun	662,380	755,802	545,874	(209,928)	-28%
Totals	\$ 2,938,999	\$ 3,029,205	\$ 3,219,920	\$ 190,715	6.3%

Residential Parking Permit Sales

Chart 13 - Residential Parking Permits

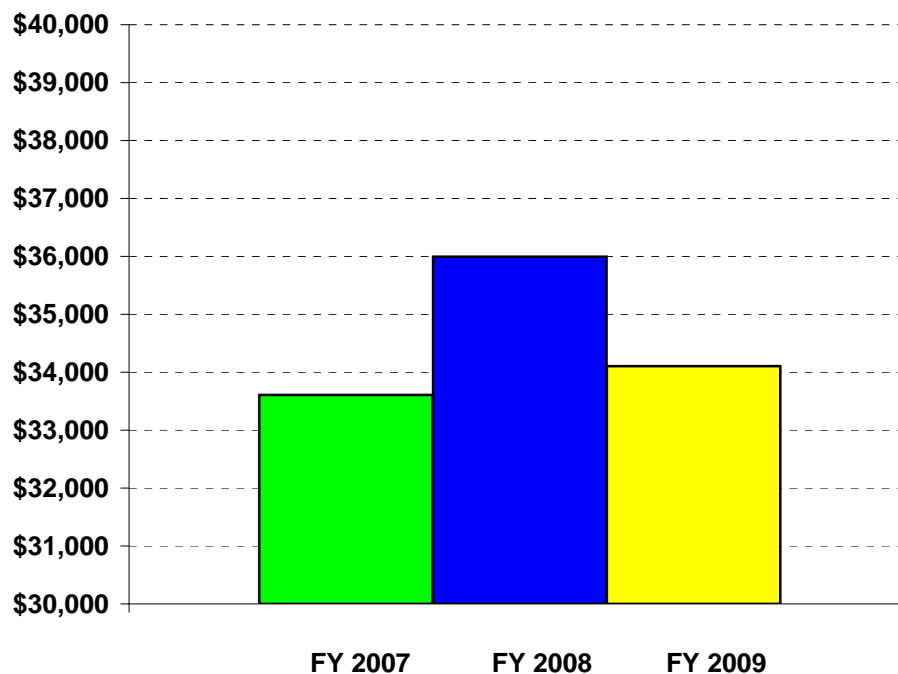


Table 13 - Residential Parking Permits Sold

	FY 2007	FY 2008	FY 2009	Inc/Dec	%Change
Number of Zones	16	16	16	0	0%
Permits Issued	3,722	4,152	3,546	(606)	-15%
Fees Collected	\$33,610	\$35,994	\$34,103	\$ (1,891)	-5%

Mobile Homes & Aircraft

Chart 14a - Annual Tax on Mobile Homes

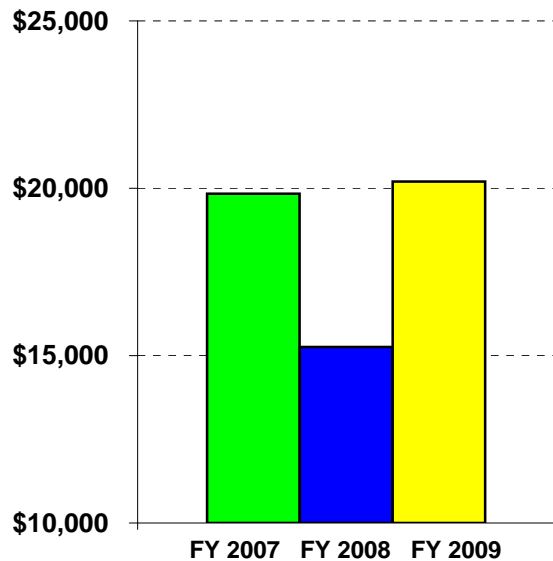


Chart 14b - Annual Tax on Aircraft

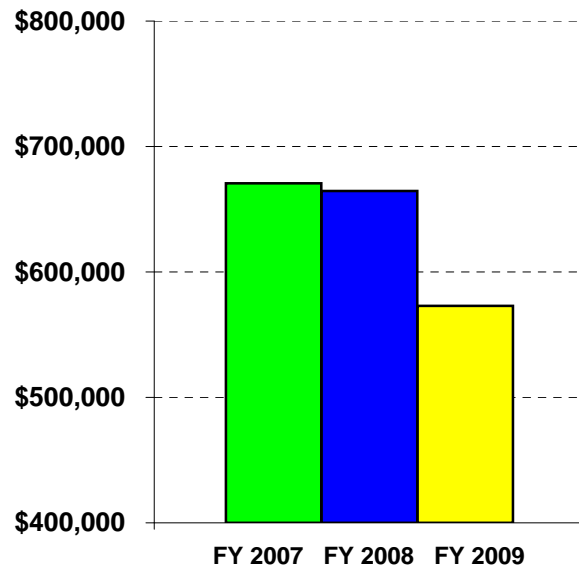


Table 14a - Annual Tax on Mobile Homes

Mobile Homes					
	FY 2007	FY 2008	FY 2009	Inc/ Dec	%Change
Units	492	439	433	-6	-1%
Assessed Value	\$ 1,448,859	\$ 1,373,369	\$ 1,534,441	\$161,072	12%
Annual Tax	\$ 19,840	\$ 15,256	\$ 20,197	\$4,941	32%
Average Tax Due per Mobile Home	\$ 40.33	\$ 34.75	\$ 46.64		

Table 14b - Annual Tax on Aircraft

Aircraft					
	FY 2007	FY 2008	FY 2009	Inc/ Dec	%Change
Units	99	100	94	-6	-6%
Assessed Value	\$ 27,948,525	\$ 27,686,814	\$ 23,871,337	-\$3,815,477	-14%
Annual Tax	\$ 670,765	\$ 664,483	\$ 572,913	-\$91,570	-14%
Average Tax Due per Plane	\$ 6,775.40	\$ 6,644.83	\$ 6,094.82		

Chart 15 - Yard/ Garage Sale Permits Total Revenue

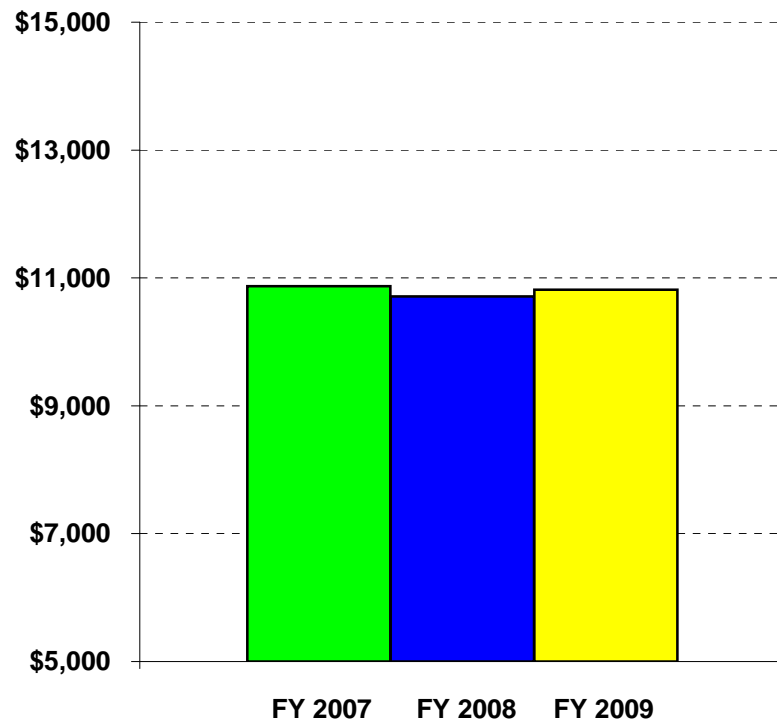


Table 15 - Yard/Garage Sale Permits issued and fees collected

	FY 2007	FY 2008	FY 2009	Inc/Dec	%Change
Permits Issued	2,174	2,142	1,977	(165)	-8%
Fees Collected	\$ 10,870	\$ 10,710	\$ 10,815	\$ 105	1%

Omitted Assessments - Vehicles

Chart 16 - Omitted Assessments

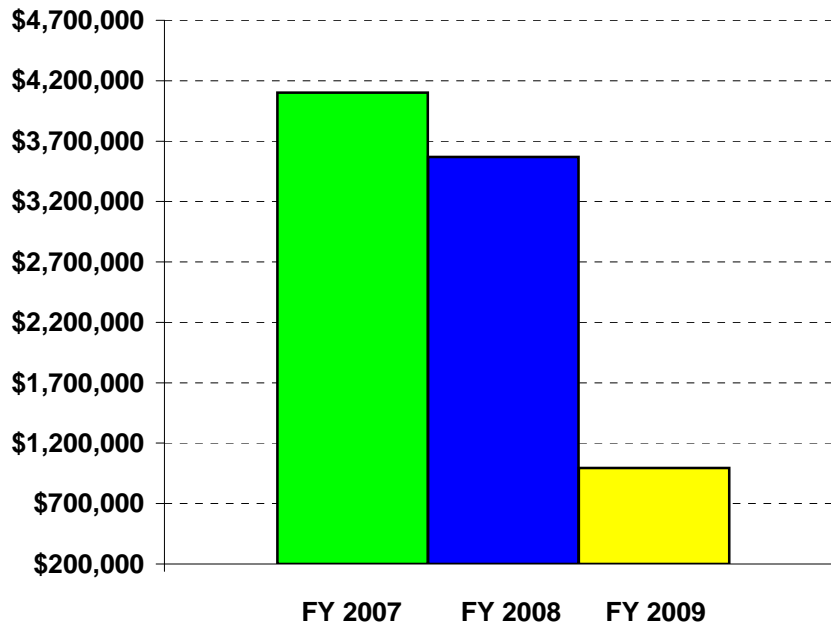


Table 16 - Tax due from Omitted Assessments*

	Year			Inc/Dec	% Change
	FY 2007	FY 2008	FY 2009		
Assessment	\$128,553,724	\$388,426,191	\$146,960,394	-241,465,797	-62%
Tax	\$4,102,651	\$3,568,004	\$995,040	-2,572,964	-72%

*Omitted Assessments are created when property subject to taxation is discovered by COR staff and put on tax rolls for current and prior three (maximum) years as applicable.

Business Revenue Team

William E. Parker, Team Leader

Phone: 664-7377 email: bill.parker@norfolk.gov

Business Revenue Team Duties

- ◆ **Business Personal Property** - Includes all business furniture, fixtures, equipment, machinery and tools located in the City of Norfolk on January 1st. Business property is assessed at 40% of the original capitalized cost (new) and taxed at the rate of \$4.25 per hundred. Machinery and Tools for manufacturers are assessed at 40% of the original capitalized cost (new) and taxed at the rate of \$4.25 per hundred. Business Personal Property tax is payable annually on, or before, June 5th.
- ◆ **City Business License** - Required of all businesses operating within the City of Norfolk. If annual gross receipts exceed \$100,000 then the following taxation rates apply: Contactors \$0.16 per \$100; Retailers and Restaurants \$0.20 per hundred; Service and Repair \$0.36 per hundred; Professional and Real Estate \$0.58 per hundred; Telecommunications \$0.50 per hundred and Wholesalers \$0.15 per hundred plus \$50. If annual gross receipts are less than, or equal to, \$100,000 then a flat fee of \$50 is due. Business License taxes are due on, or before, March 1st.
- ◆ **Food and Beverage Tax** - Food and Beverage taxes are 6 1/2% of a prepared meal, including alcoholic beverages. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month. 1% of this tax is dedicated to the Public Amenities Fund.
- ◆ **Lodging Tax** - Lodging taxes are 8% of the hotel/motel bill and are collected by the business. They are remitted monthly to the Commissioner of Revenue by the 20th of each month. 1% of this tax is dedicated to the Public Amenities Fund.
- ◆ **Room Tax** - Room tax is \$1 per room for each night of lodging at any hotel. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month. 100% of this tax goes to the Norfolk Convention and Visitors Bureau.
- ◆ **Admissions Tax** - These taxes are 10% on all events held within the city that charge an admission. This tax is collected by the business and remitted monthly to the Commissioner of Revenue by the 20th of each month.
- ◆ **Cigarette Tax** - This tax is assessed by the Commissioner of the Revenue on cigarettes purchased in the City of Norfolk. A stamp must be affixed to each package of cigarettes sold in the City. The taxation rates, are \$.65 on a package containing 20 cigarettes, and \$.8125 on a package containing 25 cigarettes.
- ◆ **Short Term Rental Tax Personal Property** - 1% levy on rental items that are "short term" in nature (92 days or less). These items include, but are not limited to, video tapes, DVDs, and tuxedos. The retailer remits this tax to the Commissioner of Revenue on a quarterly basis.

Business Personal Property

Chart 18a - Business Property - Furniture, Fixtures & Equipment

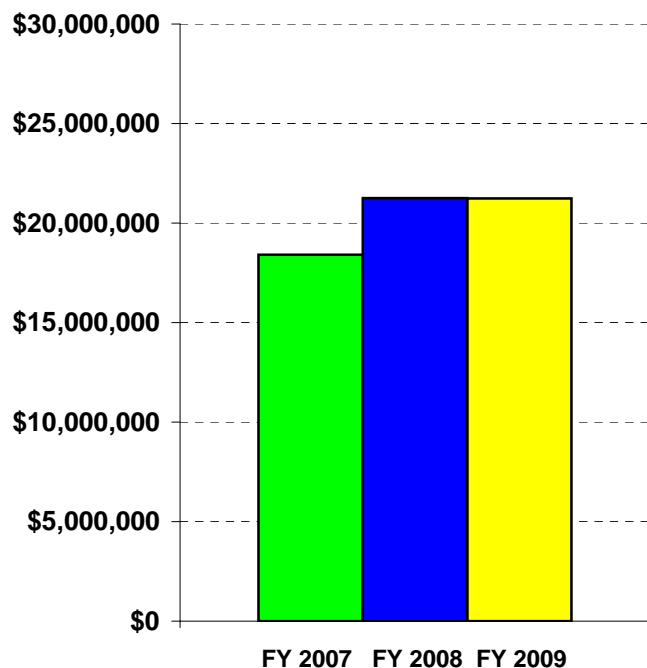


Chart 18b - Business Property - Machinery and Tools

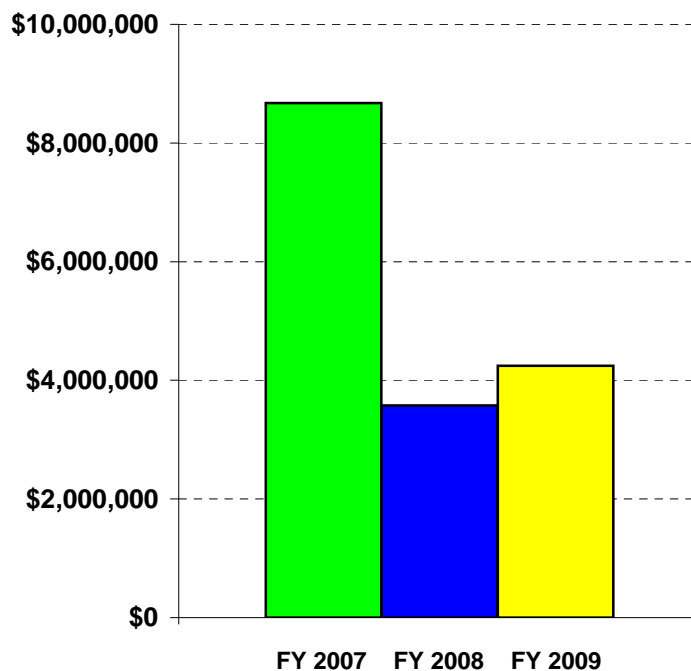


Table 18 - Annual Business Personal Property Tax

Classification		Fiscal Year			Inc/ Dec	% Change
		FY 2007	FY 2008	FY 2009		
Furniture, Fixtures & Equipment	Accounts	10,739	10,895	10,555	-340	-3.1%
	Assessments	\$429,009,656	\$484,196,304	\$505,727,632	\$21,531,328	4%
	Tax	\$18,402,361	\$21,261,712	\$21,237,296	-\$24,416	0%
Average Tax Due per Account		\$1,714	\$1,952	\$2,012		
Machinery & Tools	Accounts	152	146	147	1	1%
	Assessments	\$210,310,016	\$83,078,895	\$100,466,648	\$17,387,753	21%
	Tax	\$8,673,878	\$3,575,027	\$4,242,573	\$667,546	19%
Average Tax Due per Account		\$57,065	\$24,486	\$28,861		
Combined Total	Accounts	10,891	11,041	10,702	-339	-3.1%
	Assessments	\$639,319,672	\$567,275,199	\$606,194,280	\$38,919,081	7%
	Tax	\$27,076,239	\$24,836,739	\$25,479,869	\$643,130	3%

Business License - Activity by Classification

Table 19a - Business License Summary

Summary of Business License Activity	FY 2007	FY 2008	FY 2009	Inc/ Dec
# of New Businesses Opened	2,501	2,168	1,758	
# of Businesses Closed	2,229	2,486	3,388	
Net Increase/Decrease	272	-318	-1,630	
Total # Active Businesses	16,014	12,061	12,727	666

Chart 19 - Business License Terminations

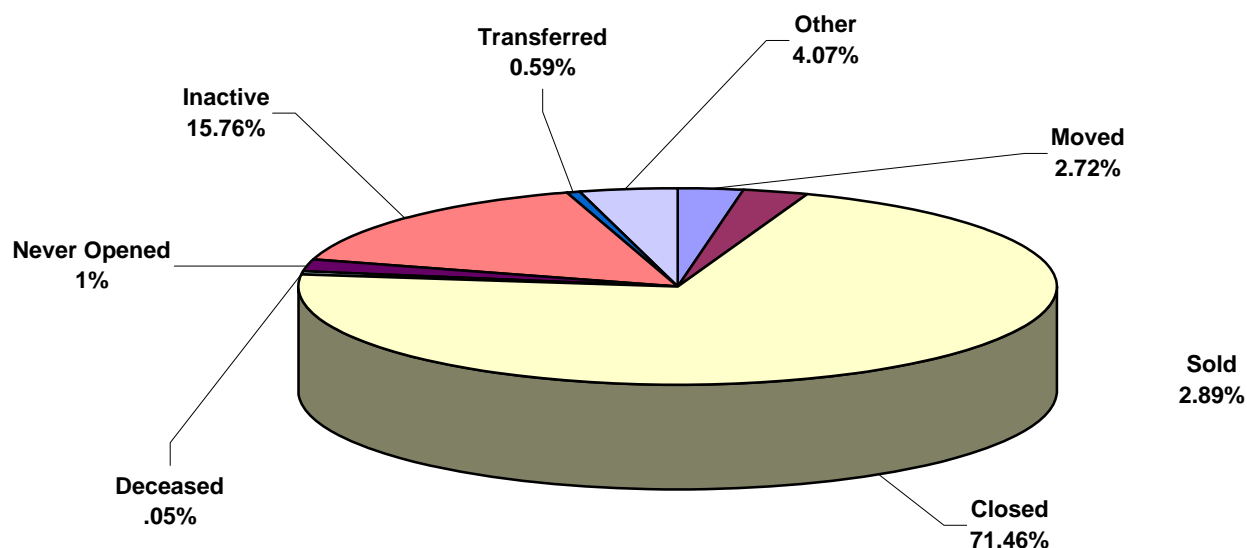


Table 19b - Business License Terminations

Business License Termination Criteria	FY 2007	FY 2008	FY 2009	Inc/ Dec	% Change
Moved (businesses that have left the city)	46	49	92	43	
Sold (businesses that changed ownership monetarily)	34	41	98	57	
Closed (letter received from customer stating business closed)	2087	2200	2421	221	
Deceased (owner of business has died)	3	6	12	6	
Never Opened (license obtained, but business operations never began)	9	11	73	62	
Inactive (e.g. out-of-town contractors, special events vendors)	0	106	534	428	
Transferred (ownership changed within businesses)	6	30	20	(10)	
Other	44	43	138	95	
Total	2229	2486	3388	902	36%

Business License - Revenue

Brief Description of Classifications	Annual Tax Rate
Contractors Businesses who bid on jobs and perform work based on their bids (Building Trades)	\$.16 per 100
Peddlers Merchants who travel from place to place with no specific location for offering their goods and services includes Special Events	\$500
Professionals Licensed individuals (Attorneys, Physicians, CPA's, etc.)	\$.58 per 100
Retail Those who sell goods to the public, not wholesale (retail stores & restaurants)	\$.20 per 100
Retail Gasoline Service Stations	\$.20 per 100
Repair & Service Services not clearly identified as Financial, Real Estate, or Professional	\$.36 per 100
Wholesale Distributors who sell to retailers	\$.15 per 100, plus \$50
Stevedores Marine cargo handling services	\$.36 per 100, Max \$2,500
Communications Telephone companies - wireless & landline	\$.50 per 100
Fixed Fee License Fee for a one time event such as, carnivals, circuses and festivals	Varies
Prior Year Tax collected for previous license years	Varies
Refunds Issued to businesses as a result of: moving from Norfolk, an audit by this office, reconciliation of taxpayer and/or Commissioner of Revenue assessments.	Varies
Other Out of Business License, Circuses, Research & Development	Varies

Business License - Revenue

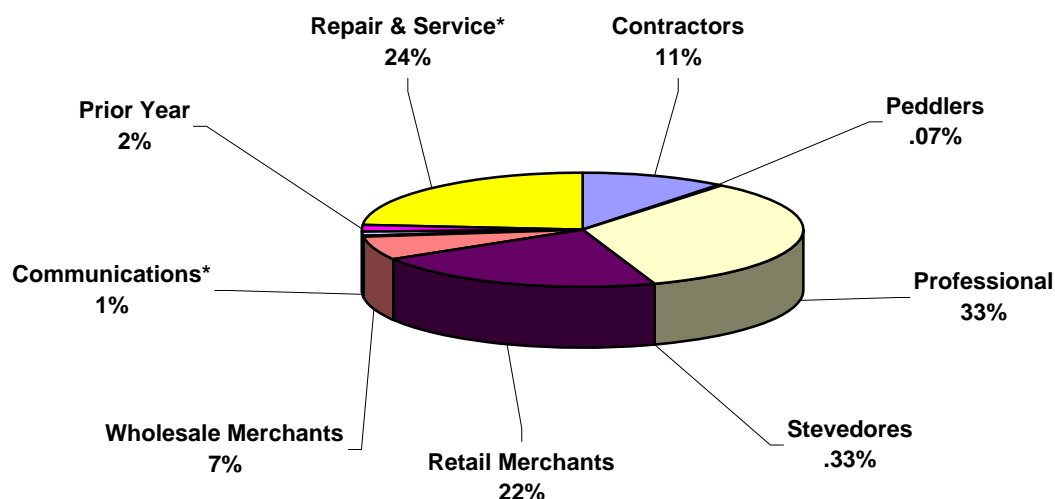


Table 20 - Business License by classification

Classification*	FY 2007		FY 2008		FY 2009		Amount Inc/ Dec	Amount %Change
	Number	\$Amount	Number	\$Amount	Number	\$Amount		
Contractors	1,438	\$ 397,218	2,577	\$ 2,365,547	2,632	\$ 2,947,316	\$ 581,769	25%
Peddlers	2	111	373	25,991	314	18,822	(7,169)	-28%
Professional	1,455	7,025,742	1,200	7,528,614	1,226	9,384,777	1,856,163	25%
Retail Gasoline*	86	283,676						
Retail Merchants	3,863	6,021,335	3,241	5,676,972	3,051	5,990,206	313,234	6%
Wholesale Merchants	506	1,859,136	344	1,508,466	372	1,832,575	324,109	21%
Stevedores*			45	95,657	44	90,458	(5,199)	-5%
Communications*			21	186,641	19	315,400	128,759	69%
Fixed Fee*	567	122,048						
Prior Year	842	489,236	41	102,382	373	537,054	434,672	425%
Repair & Service*			4,214	6,733,227	4,670	6,495,226	(238,001)	-4%
Other	7,517	10,146,700	5	1,950	26	10,326	8,376	430%
Total	16,276	\$ 26,345,202	12,061	\$ 24,225,447	12,727	\$ 27,622,160	\$ 3,396,713	14%
Less Refunds**	262	340,522						
Net	16,014	\$ 26,004,680	12,061	\$ 24,225,447	12,727	\$ 27,622,160	\$ 3,396,713	14%

* In FY '08 a new Assessments & Collections System was implemented in the Commissioner's office. This new system has changed the reporting of Business License classifications; 3 new classes were added (Stevedores, Communications, and Repair & Service) and 2 classes (Retail Gasoline into Retail and Fixed Fee into Peddlers) were combined with existing classes.

** The new Assessments & Collections System includes any refunds issued in the dollar amount for that category. Refunds will no longer be listed separately.

Lodging Tax & Room Tax

Chart 22a - Lodging Tax

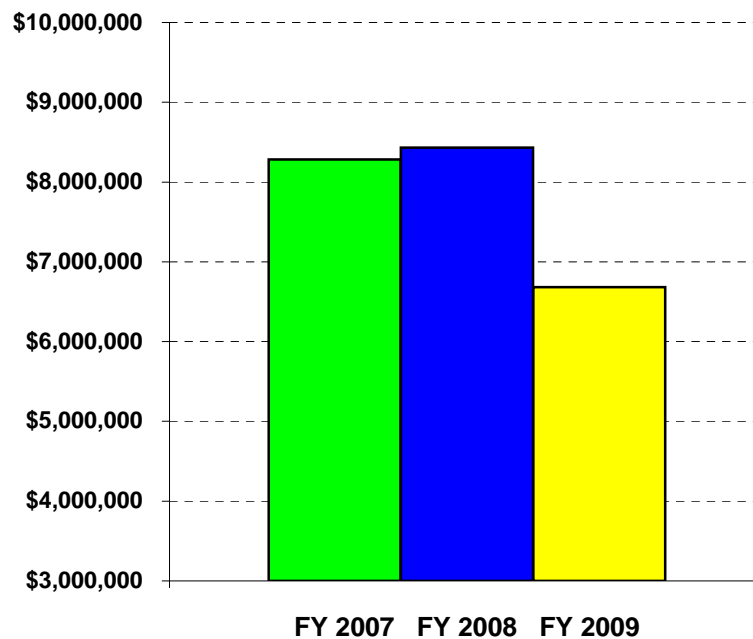


Table 22a - Revenue from Lodging Tax

	FY 2007	FY 2008	FY 2009	Dollars Inc/ Dec	% Change
Tax Remitted	\$ 8,283,214	\$ 8,430,677	\$ 6,681,193	\$ (1,749,484)	-21%
Avg Tax per Month	\$ 690,268	\$ 702,556	\$ 556,766	\$ (145,790)	-21%

Table 22b - Revenue from Room Tax

	FY 2007	FY 2008	FY 2009
Tax Remitted	\$ 1,061,167	\$ 1,010,831	\$ 1,120,600
Average Tax per month	\$ 88,431	\$ 84,236	\$ 93,383

Food & Beverage Tax & Admissions Tax

Chart 23a - Food and Beverage Tax

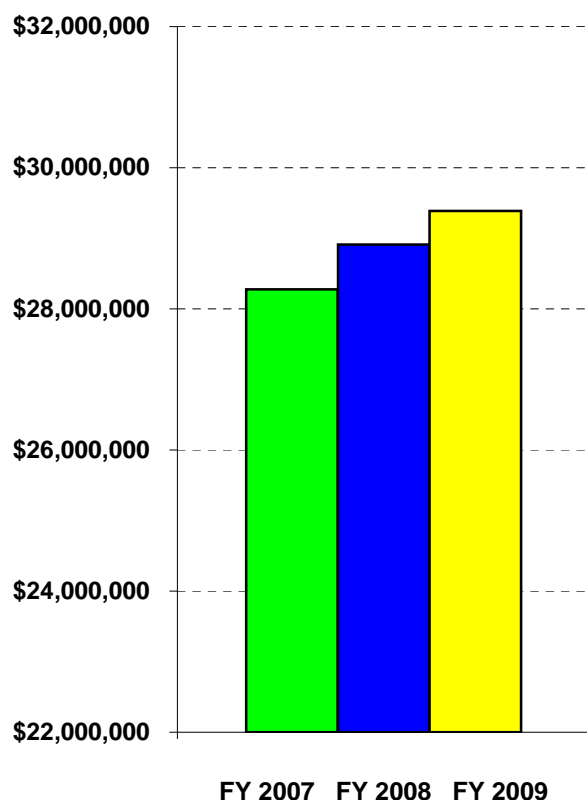


Chart 23b - Admission Tax from Scope, Nauticus, Harbor Park, and all other sources

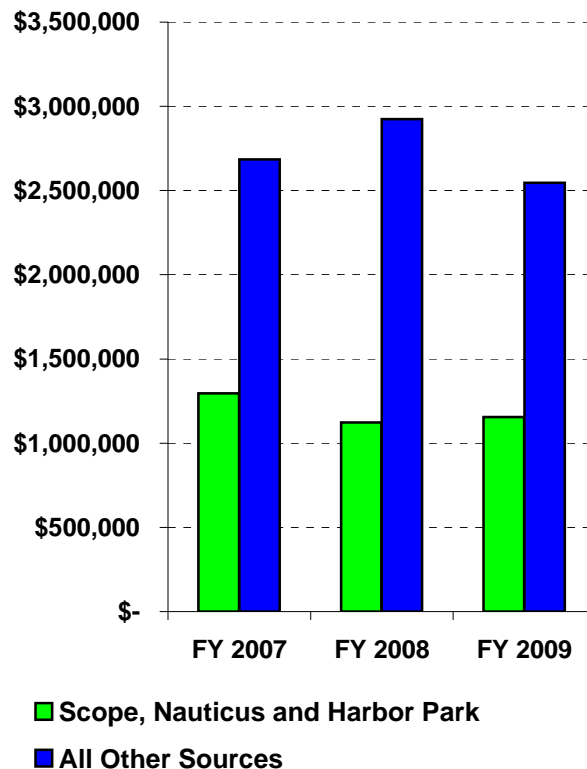


Table 23a - Revenue from Food and Beverage Tax

	FY 2007	FY 2008	FY 2009	Dollars Inc/ Dec	% Change
Tax Remitted	\$ 28,276,248	\$ 28,912,545	\$ 29,388,679	\$ 476,134	2%

Table 23b - Admissions tax from Scope, Nauticus, Harbor Park, and all other sources

	FY 2007	FY 2008	FY 2009	Dollars Inc/ Dec	% Change
Scope, Nauticus and Harbor Park	\$ 1,296,287	\$ 1,122,196	\$ 1,156,058	\$ 33,862	3%
All Other Sources	2,684,038	2,924,492	2,546,405	\$ (378,087)	-12.9%
Total	\$ 3,980,325	\$ 4,046,688	\$ 3,702,463	\$ (344,225)	-9%

Chart 24 - Cigarette Tax Revenue

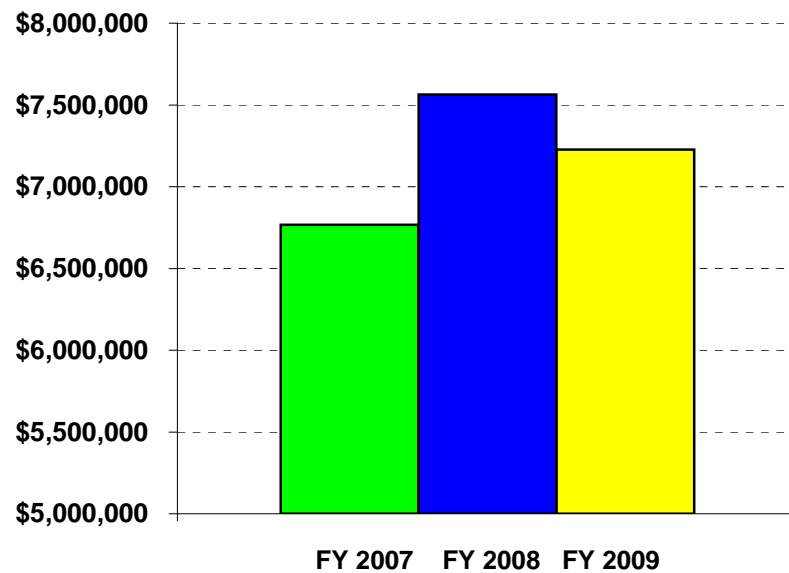


Table 24 - Revenue from Cigarette Tax

	FY 2007	FY 2008	FY 2009	Dollars Inc/ Dec	% Change
Revenue	\$ 6,767,739	\$ 7,563,006	\$ 7,227,245	\$ (335,761)	-4%
# of Accounts	26	23	24		

Short Term Rental Tax

Chart 25 - Short Term Rental Tax

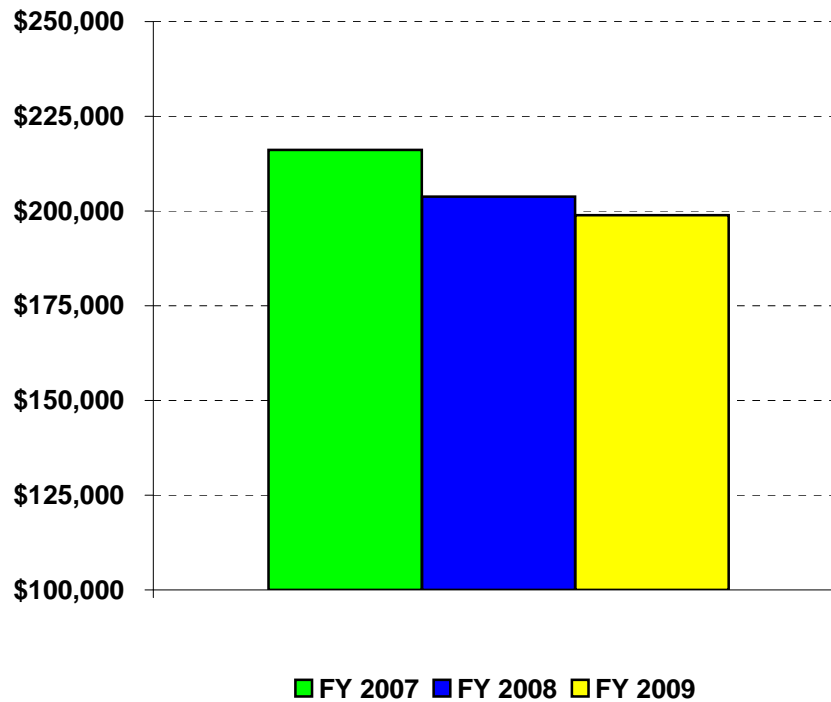


Table 25 - Short Term Rental Tax

	FY 2007	FY 2008	FY 2009	Dollars Inc/ Dec	% Change
Revenue	\$ 216,160	\$ 203,831	\$ 198,915	\$ (4,916)	-2.4%
# of Accounts	52	52	50		

Special Taxes - State & City

Joe Van Landingham, Business Manager & Special Tax Coordinator

Phone: 664-7894 email: joe.vanlandingham@norfolk.gov

Special Taxes - State & City Duties

- ◆ **Bank Franchise Tax** - This tax is imposed on banks with offices in Norfolk. The rate is based on the percentage of deposits through the principal office and/ or branches located in Norfolk as of January 1. The tax is 80% of the state rate of taxation (\$1 per \$100 of net capital) on each \$100 of the net capital of each bank located in the city. The tax is due annually on, or before, June 1st.
- ◆ **Public Service Corporation** - Personal & Real Property taxes are imposed on public service corporations such as utility and railroad companies. These rates are set by the Virginia General Assembly and valued by the State Corporation Commission. The Commissioner of Revenue is responsible for verification of taxable assets and for classifying those assets in accordance with the asset type. The real property taxation rate is \$1.11 per \$100 and the personal property taxation rate is \$4.25 per \$100.
- ◆ **Utilities*** - Utility taxes collected during each calendar month are reported, and paid, by each utility company on, or before, the 27th day of the second month following collection. Electric and gas companies base the amount of the utility tax on kilowatts per hour of electricity (kWh) and cubic feet of natural gas (CCF) consumed, as applicable. The schedule of taxation rates for utility companies is as follows:

Utilities - Residential

Electric - \$1.75 + .016891 per kWh not to exceed \$3.75 per month

Natural Gas - \$1.50 per month

Telephone - 25% of the total bill, excluding long distance calls

Wireless Telephone - 10% of the first \$30

Emergency 911 - \$2.40 per land line

Water - 25% of the first \$22.50

Cox Cable - 7% of entire bill, excluding charge for remote control

Jan 1, 2007 became part of Communications Sales Tax

*Beginning January 1, 2007, all telecommunication companies, including cable television, impose a State - mandated Communications Sales Tax of 5% on the total customer bill. Local utility taxes and separately imposed franchise fees are no longer imposed. This tax is remitted directly to the State and then reallocated to the City of Norfolk based on our proportionate share of the total receipts.

Special Taxes - State & City Duties

Utilities - Business

Electric - \$1.75 + .017933 on first 537 kWhs monthly + .006330 on remaining kWhs

Natural Gas - \$3.225 + .167933 on first 70 CCF + .161552 on CCF in excess of 70 CCF and up to 430 CCF + .15363 on all remaining CCF not to exceed \$500

Telephone - 25% of service to building excluding instrument and switchboard

Wireless Telephone - of the first \$30

Water - 25% of the first \$75 plus 15% of bill in excess of \$75

Jan 1, 2007
became part of
Communications
Sales Tax

Utilities - Manufacturer

Electric - \$1.38 + .004965 on first 3,625,100 kWhs + .004014 on all remaining kWhs not to exceed \$53,000 per month. Manufacturers located in an Urban Enterprise Zone shall be taxed at the rate of \$1.38 + .006192 on kWhs delivered monthly, not to exceed \$10,440 per month.

Natural Gas - \$3.225 + .167821 on first 70 CCF + .161552 on CCF in excess of 70 CCF and up to 430 CCF delivered monthly not to exceed \$500

Telephone - 25% of service to building excluding instrument and switchboard

Water - 25% of the first \$75 plus 15% of bill in excess of \$75

- ◆ **Consumption Tax** - Beginning January 2001, as part of the deregulation of the electric and gas industries in Virginia, four of Norfolk's taxes: the consumer utility tax, business license tax, the real, and the personal property taxes, and one State of Virginia tax were replaced with just one tax: the consumption tax. This tax is applied on the number kilowatt hours of electricity or the number of cubic feet of natural gas actually used by the customer. This is a cost saving feature for the consumers since they are taxed only on usage and not on the forever increasing and fluctuating price of energy.

Franchise Tax and Utility Tax

Table 28a - Franchise Tax

Franchisee	FY 2007	FY 2008	FY 2009	Revenue Inc/Dec	% Change
Bank Franchise	\$ 1,612,763	\$ 1,520,687	\$ 2,025,443	\$ 504,756	33%
Verizon and Cox Cable*	2,460,765	0	1,159,208	1,159,208	100%
Telecommunications*	261,664	0	0	-	0%
TOTAL	\$ 4,335,192	\$ 1,520,687	\$ 3,184,651	\$ 1,663,964	109%

Table 28b - Effect of Communication Sales Tax

	FY 2007	FY 2008	FY 2009
Telecom Landline	\$5,219,409	\$0	\$0
Telecom Wireless	1,968,110	0	0
Cox Communications	1,248,535	0	0
Franchise Fees	2,722,429	0	0
911 Fees	2,245,005	0	0
Communication Sales Tax	6,969,306	24,895,513	23,553,813
Total	\$20,372,794	\$24,895,513	\$23,553,813

Table 28c - Utility Tax Revenue

Utility Companies	FY 2007	FY 2008	FY 2009	Inc/ Dec	% Change
Telecom - Landline*	\$ 5,219,409	0	0	\$ -	0%
Telecom - Wireless*	1,968,110	0	0	-	0%
Dominion Virginia Power	12,717,634	12,713,752	12,322,189	(391,563)	-3.1%
Public Utilities (Water)	5,070,425	4,911,686	5,355,530	443,844	9%
Virginia Natural Gas	2,693,752	2,796,471	2,684,216	(112,255)	-4%
Cox Communications*	1,248,535	0	0	-	0%
Communication Sales Tax*	6,969,306	24,895,513	23,553,813	(1,341,700)	-5%
Total	\$ 28,917,865	\$ 45,317,422	\$ 43,915,748	\$ (1,401,674)	-3%

*Beginning January 1, 2007, all telecommunication companies, including cable television, will impose a State - mandated Communications Sales Tax of 5% on the total customer bill. Local utility taxes and separately imposed franchise fees will no longer be imposed.

Public Service Corporation, 911 Fee & Consumption Tax

Table 29a - Public Service Corporation Real Property and Personal Property Taxes*

		Year			Inc/Dec	% Change
		FY 2007	FY 2008	FY 2009		
Real Property	Assessments	526,191,641	651,656,969	724,336,718	72,679,749	11%
	Tax	6,682,650	7,233,392	8,040,138	806,746	11%
Personal Property	Assessments	1,904,522	2,385,738	2,705,626	319,888	13%
	Tax	76,180	95,429	114,989	19,560	20%
Total	Assessments	528,096,163	654,042,707	727,042,344	72,999,637	11%
	Tax	6,758,830	7,328,821	8,155,127	826,306	11%

*All property of Public Service Corporations was taxed at a rate of \$1.11 per hundred for real property and \$4.25 per hundred for personal property as applicable (automobiles and trucks).

Table 29b - 911 Tax*

Utility	FY 2007	FY 2008	FY 2009	Inc/ Dec	% Change
Telecom Companies - Landline*	2,245,005	0	0		

*Beginning January 1, 2007, all telecommunication companies, including cable television, will impose a State mandated Communications Sales Tax of 5% on the total customer bill. Local utility taxes and separately imposed franchise fees are no longer be imposed.

Table 29c - Consumption Tax

Utility	FY 2007	FY 2008	FY 2009	Inc/ Dec	% Change
Dominion Virginia Power	\$ 612,591	\$ 710,319	\$ 655,126	\$ (55,193)	-8%
Virginia Natural Gas	118,018	100,627	119,225	\$ 18,598	18.5%
Total	\$ 730,609	\$ 810,946	\$ 774,351	\$ (36,595)	-5%

Section
6

Audit Team

Paul Crepeau, Team Leader

Phone: 664-7870 email: paul.crepeau@norfolk.gov

Audit Team Duties

- ◆ Ensure compliance with state and city taxes, laws, ordinances and fees
- ◆ Evaluate, appraise, and compare businesses' license revenues to their level of compliance
- ◆ Conduct manufacturing determination visits
- ◆ Research, evaluate and prepare amendments to legislative proposals impacting localities' ability to generate tax revenues.
- ◆ Provide renderings for statewide uniformity in the application of Business License tax matters

In - Depth Assessments

Chart 31 - Comparison of In-Depth Assessments and Amount Collected by year

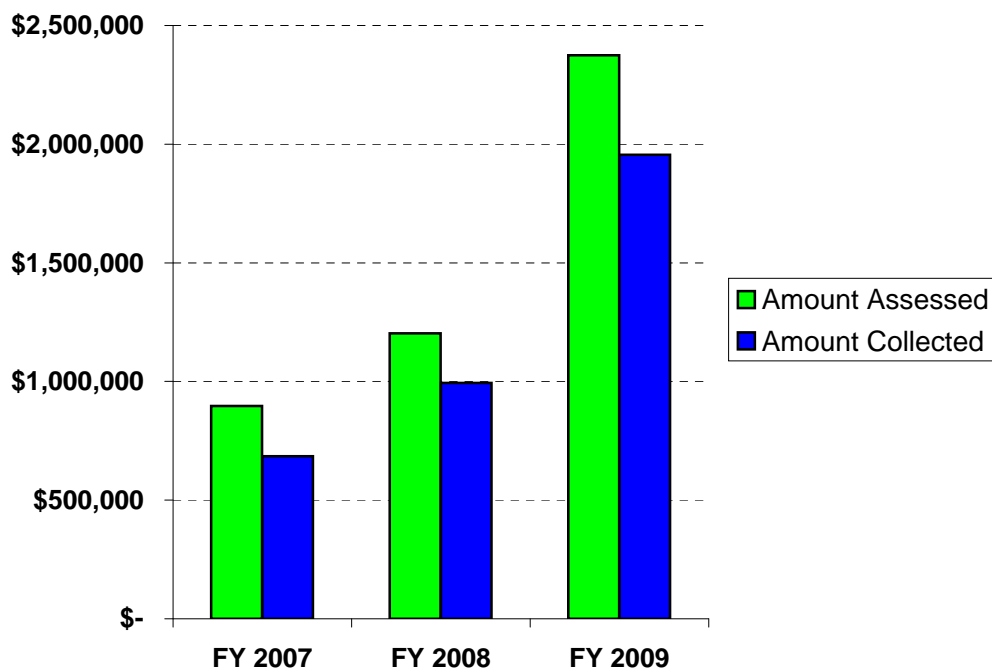


Table 31 - Revenue collected from in-depth assessments

	FY 2007	FY 2008	FY 2009
Amount Assessed	\$897,159	\$1,202,192	\$2,374,679
Amount Collected	\$684,482	\$993,395	\$1,955,766

Note: Annual fluctuations between "Amount Assessed" & "Amount Collected" reflect timing differences between the audit completion and the collection of taxes assessed. Payment arrangements, Circuit Court judgments, or seizure and collection of Business Property Taxes by the City Treasurer are reasons for these timing differences.

Tax Compliance Team

Sandra Pitchford, Team Leader

Phone: 664-7881 email: sandra.pitchford@norfolk.gov

Tax Compliance Team Duties

- ◆ Enforce compliance for business license, business personal property taxes, food and beverage tax, lodging tax, admissions tax and cigarette tax.
- ◆ Ensure proper compliance of taxpayers relating to yard sales and permits
- ◆ Conduct taxpayer inquiry investigations
- ◆ Serve as ambassadors for the office of the Commissioner of Revenue throughout the city while performing daily job functions, as well as serving on community committees and attending community meetings as the liaison between the citizens and this office
- ◆ Answering questions, addressing citizen/taxpayer concerns and assisting with interdepartmental referrals regarding a variety of issues
- ◆ Participates with the City's Bar Task Force and the Convenience Store Task Force.

Tax Compliance Team Summary

Table 33a - Tax Compliance activities by category

Activities	FY 2007	FY 2008	FY 2009	Inc/ Dec	% Change
Visits / Contacts (including Delinquent Business Licenses and new Business Discovery)	17,504	12,552	14,299	1,747	14%
Telephone Contacts	6,631	5,971	5,408	(563)	-9%
Cases Completed	481	195	116	(79)	-41%
New Cases Generated	383	323	480	157	49%
Paid Delinquent Business Licenses	1,241	1,345	1,248	(97)	-7%
Meal Tax 30 Day Notice	385	216	387	171	79%
Meal Tax 60+ Day Notice	192	161	170	9	6%
Total Investigative Activities	26,817	20,763	22,108	1,345	6%

Table 33b - Tax Compliance activities by amount

Activities	FY 2007	FY 2008	FY 2009	Inc/ Dec	% Change
Delinquent Business Licenses - Paid	\$ 1,110,596	\$ 1,137,579	\$ 795,919	\$ (341,660)	-30%
Inquiry Visits	870,999	95,972	935,697	839,725	875%
Meal Tax 30 Day Notice	252,532	401,365	495,295	93,930	23%
Meal Tax 60+ Day Notice	672,520	329,539	721,028	391,489	119%
Total	\$ 2,906,647	\$ 1,964,455	\$ 2,947,939	\$ 983,484	50%

Brief Description of Activities

Visits/Contacts - contact made by us to taxpayers in person

Inquiries -includes input from taxpayers, other agencies, and in - house discovery, which could result in establishing new business license accounts

Telephone Contacts - incoming and outgoing calls to/from taxpayers

Case Completed - all cases finalized, including cases where investigations have been completed and proper business license accounts have been established if required

New Cases - includes new cases generated for that period from citizen calls, in-house inquiries or other means resulting in an investigator initiating a call or visit

Meal Tax 30 Day Notice - notice given to businesses that are 1 month late remitting Meal Tax

Meal Tax 60+ Day Notice - letters sent to businesses by the Business Tax Team for Meal Tax that is more than 1 month late

Taxpayer Assistance Team

Robert K. Mislán, Team Leader

Phone: 664-7896 email: robert.mislán@norfolk.gov

Taxpayer Assistance Team Duties

- ◆ Process Individual Income Tax Returns including
 - Accelerated Refund Returns
 - Refund, Tax Due, and Fiduciary Returns
 - Estimated Tax Declarations and Payments
 - Prior Year and Amended Tax Returns
- ◆ Provide State Tax Return Filing Assistance including
 - Return Preparation and Filing Assistance
 - Furnishing Instructional Speakers for Tax Seminars and Meetings
 - Resolution of Taxpayer Conflicts with the Department of Taxation
 - Internet iFiling of State Tax Returns
- ◆ iFile Locality Initiative - The Taxpayer Assistance Team was instrumental in writing the guidelines issued by the Department of Taxation in the preparation and processing of iFiled State Income Tax Returns.
- ◆ State income taxes must be filed with the local Commissioner of Revenue, on or before, May 1st of each year
- ◆ Real Estate Tax Relief
 - Determine eligibility for real estate tax relief based on the following basic
 - (1) Must be at least 65 years of age or totally and permanently disabled.
 - (2) Must live in the property to be exempted.
 - (3) Combined income of owners and all relatives living in home cannot exceed \$67,000 per year.
 - (4) Net worth, exclusive of the home, cannot exceed \$350,000.

The exemption is granted on an annual basis and a new application must be filed by June 1 each year.

State Income Tax

Table 35a - State Income Tax Processing by Category

	FY 2007	FY 2008	FY 2009	Number Inc/ Dec	% Change
Accelerated Refunds	3,101	1,436	838	(598)	-42%
Regular Refunds	6,040	8,743	9,223	480	5%
I-File	9,306	8,351	5,892	(2,459)	-29%
Tax Due	5,934	5,715	3,564	(2,151)	-38%
Estimated Taxes	2,913	3,182	2,378	(804)	-25%
Amended & Prior Year Returns	2,803	3,120	1,903	(1,217)	-39%
Totals	30,097	30,547	23,798	(6,749)	-22%

Table 35b - Taxpayer assistance statistics

	FY 2007	FY 2008	FY 2009	Number Inc/ Dec	% Change
Customer Visits for Filing Assistance	4,502	4,686	4,552	(134)	-3%
Telephone Calls Seeking Assistance	10,463	10,996	10,342	(654)	-6%
Total Taxpayer Assistance	14,965	15,682	14,894	(788)	-5%

Table 35c - Taxpayer dollar amounts processed

	FY 2007	FY 2008	FY 2009	Number Inc/ Dec	% Change
Individual Income Tax Due Assessed	\$ 5,187,074	\$ 5,609,627	\$ 2,898,059	\$ (2,711,568)	-48%
Estimated Income Tax Assessed	\$ 4,403,948	\$ 5,955,672	\$ 5,005,715	\$ (949,957)	-16%
Total Dollars Processed	\$ 9,591,022	\$ 11,565,299	\$ 7,903,774	\$ (3,661,525)	-32%

Real Estate Tax Relief

Chart 36a - Dollar amount of Tax Relief

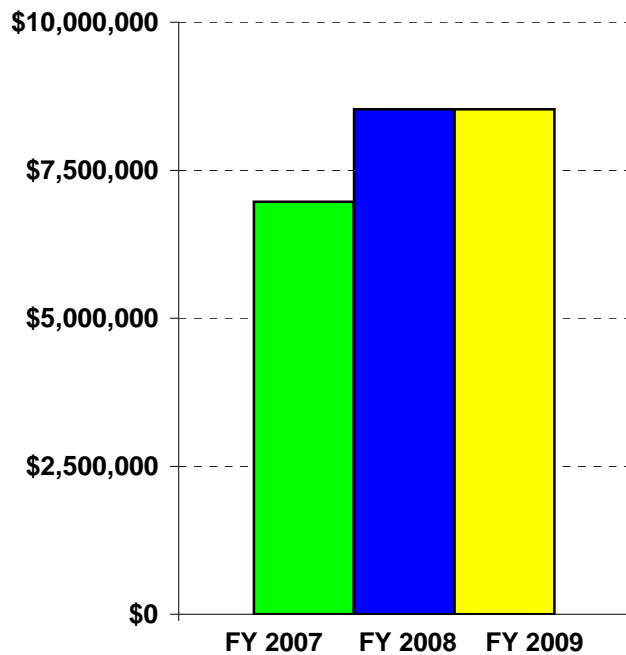


Chart 36b - Number of Homeowners Qualified for Relief by Year

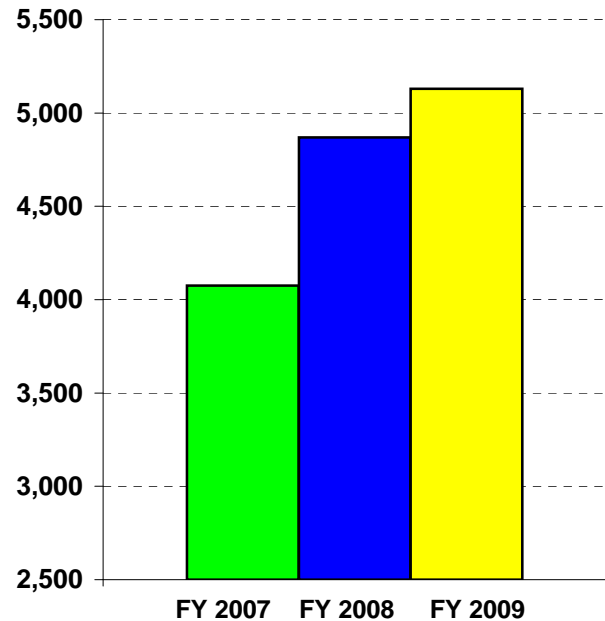


Table 36a - Real Estate Tax Relief

	Year			Inc/ Dec	% Change
	FY 2007	FY 2008	FY 2009		
Accounts	4,075	4,869	5,129	260	5%
Amount	\$6,968,317	\$8,527,142	\$8,531,612	\$4,470	0.1%

Senior Citizens Real Estate Tax Relief

Table 37a - Real Estate Tax Relief by percentage of exemption

Exemption	FY 2007	FY 2008	FY 2009	% Change
100%	3,342	3,732	3,467	-7%
80%	309	538	711	32%
60%	238	390	492	26%
40%	132	166	285	72%
20%	54	43	174	305%
Total	4,075	4,869	5,129	5%

Table 37b - Statistical Information

	FY 2007	FY 2008	FY 2009
Households on Disability	461	563	753
Senior Citizen Households	3,614	4,306	4,376
New Households Added	1033	538	14
Households Removed from Program	239	278	76
Total	4,869	5,129	5,067

Table 37c - Households removed from program

Reasons	FY 2009
Sale of Property	14
Death	41
No Response	0
Other	21
Income Became Too High	0
Total	76

Section

9

Revenue Recap by Classification

Table 35 - Recapitulation of assessments by classification

CLASSIFICATION	FY 2007	FY 2008	FY 2009	INC/ DEC	% CHNGE
Admissions	\$ 3,980,325	\$ 4,046,688	\$ 3,725,463	\$ (321,225)	-8%
Aircraft	670,765	664,483	572,913	(91,570)	-14%
Boats - Personal WaterCraft	5,516	261,283	373,498	112,215	43%
Boats - Commercial Vessels	443,721	433,359	497,125	63,766	15%
Boat Decal Sales	76,330	68,960	72,245	3,285	5%
Business License	26,004,680	24,225,447	27,611,940	3,386,493	14%
Cigarette Taxes	6,767,739	7,563,006	7,227,245	(335,761)	-4%
Consumption Tax	730,609	810,946	774,351	(36,595)	-5%
DMV Select	27,914	65,891	82,228	16,337	25%
Food and Beverage	28,276,248	28,912,545	27,884,817	(1,027,728)	-4%
Franchise Taxes	4,335,192	1,520,687	2,025,443	504,756	33%
Furniture & Fixtures	18,402,361	21,261,712	21,237,296	(24,416)	0%
In-Depth Assessments	897,159	1,202,192	2,374,679	1,172,487	98%
Lodging Taxes	8,283,214	8,430,677	6,794,286	(1,636,391)	-19%
Machinery & Tools	8,673,878	3,575,027	4,242,573	667,546	19%
Mobile Homes	19,840	15,256	20,197	4,941	32%
Omitted Assessments	4,102,651	3,568,004	995,040	(2,572,964)	-72%
Passenger Car Daily Rental	2,938,999	3,029,205	3,219,920	190,715	6.3%
Public Service Corporation	6,758,829	7,328,821	8,155,127	826,306	11%
Residential Parking Decals	33,610	35,994	34,103	(1,891)	-5%
Room Tax	1,061,167	1,010,831	981,973	(28,858)	100%
Short Term Rental	216,160	203,831	199,428	(4,403)	-2%
Tangible Personal Property	41,274,168	51,620,952	60,397,433	8,776,481	17.0%
Utility Taxes	35,887,171	45,317,422	43,915,748	(1,401,674)	-3%
Yard/ Garage Sale Permits	10,921	10,705	9,885	(820)	-8%
911 - Fee	2,245,005	0	0	-	0%
Total	\$ 202,124,172	\$ 215,183,924	\$ 223,424,956	\$ 8,241,032	3.8%

Appendix A - Tables

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